THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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APPROACHING HARVEST—CROP PICTURE VARIED

The crops present as varied a picture now toward the close of the season as they have since spring. Of the country's two greatest cash crops, wheat has turned out well while cotton promises anything but a big yield. Of the two leading feed crops, hay was a record crop while corn is a partial failure. So go the contrasts among the lesser crops also.

August did not alter the picture except in the case of cotton which has been hurt by the boll weevil. Corn is still a great uncertainty, a substantial portion of the crop requiring almost a miracle of good weather to mature. Potatoes give promise of a fairly large production though blight has become evident locally through the East. The hay crop this year was by far the largest ever grown; rainy weather, however, made it difficult to secure the latter part of the crop. Apples promise to yield about half as great a supply as last year, being better in western than in eastern districts.

As noted, the most striking late development in crop prospects has been in cotton. The weevil menace has been apparent for two months and now the toll has become heavy throughout the East, centering in Georgia, with the damage rapidly spreading into the West. However, with late forecasts indicating a cotton crop which will no more than meet consumptive needs, the consequent upturn in cotton prices bids fair to give the South a greater total income than it received from last year's record crop. The recent rise in cotton and corn prices has lifted the unit purchasing power of farm products back to an index of 87 (the five pre-war years being considered as 100) which was the level maintained for some time prior to the slump in cotton last fall.

Spring wheat is practically all harvested now. While rust did some damage in North Dakota and drought in Montana, the spring wheat crop as a whole is excellent. Much of the North now has its first good crop in four years. In consequence, the returns this season will go in considerable part to pay the debts contracted in lean years.

Land is now being prepared for the new sowing of winter wheat. It appears that the relative profitableness of wheat with development of the combine is tending to stimulate production at present. Reports to this bureau indicate intentions of growers to sow about 13 per cent more wheat acreage this fall than last. If this should occur, assuming average later abandonment and average yield, it would mean about that percentage increase in the crop. Should there be such an increase in the crop next year, it would mean a substantial exportable surplus and growers must be prepared to sell their wheat on a world market basis.

61185—27——1

KEY REGIONS AT A GLANCE

The East.—Finished small grain harvest and waiting for potatoes and corn. Some blight in potatoes but crop promises fairly well as whole. Corn very spotted. Needs three weeks or more to make good silage crop. Hay very plentiful, but rainy weather hindered the late haying. Milk cows high priced. General dairy situation favorable. Increasing number heifer calves. Fruit crop light.

The South.—Rainy, cloudy weather has given cotton considerable growth but has helped weevil activities tremendously in east. Been very dry in part of Texas. Weevil damage heavy in east and central belt and spreading into west. Widespread reports of shedding. Picking cotton in Gulf regions and market movement beginning. Rise in price encouraging to growers. Other southern crops fairly good, on the whole, excepting certain tobacco sections.

Corn Belt.—Corn has had plenty of rain but lacked the hot, sunny days which help it to maturity. Considerable percentage of crop two to three weeks late. Condition spotted, much variation between early and late planted corn. Feeders uncertain over outlook. Oats and wheat threshing well along. Oat yields light to fair. Fields being prepared for winter grain. With the corn outlook poor and hogs lower priced, the Corn Belt situation is not improved over last year.

Wheat Belt.—Spring wheat harvest well along. Crop good, on the whole, though cut somewhat by rust in sections of North Dakota and Minnesota and by drought or storms locally elsewhere. General sentiment throughout the north much improved over last two years. Montana planning substantial increase in winter wheat acreage. Early market movement of winter wheat slowing up. Growers ready to sow new crop with land in good condition; reported intention to increase this fall's acreage by 13.7 per cent over last fall.

Range Country.—Dry in parts of north, likewise in Texas. General conditions good, however, both on ranges and for irrigated crops. Forage crops abundant, though some damage to alfalfa from rains. Considered probable that somewhat fewer cows and heifers will be shipped out this fall due to ample feed and tendency to restock ranches. After five years of reduction is now believed that range States have no more cattle than they had in 1913. Both cattlemen and sheepmen optimistic.

Pacific Coast.—Rain needed in north. Beginning to sow fall grain. Reported intentions point to about same acreage as was sown last fall—somewhat more in Washington and Idaho but less in Oregon. Early fruit harvest beginning. Shipping grapes from California; heavy crop. Some spider damage in San Joaquin orchards. Some dropping and wind damage in orchards in north. General coast conditions continue good.

THE TREND OF CROP PRODUCTION

	1913 production	5-year average 1922–1926 production	1926 production	1927, Aug. 1 forecast
	Millions	*Millions*	*Millions*	*Millions*
Winter wheat---bushels	523	556	627	553
Spring wheat---do	240	252	205	298
All wheat---do	763	808	833	851
Corn---do	2,447	2,767	2,647	2,385
Oats---do	1,122	1,352	1,250	1,279
Barley---do	----	193	188	249
Flaxseed---do	18	20	19	23
Peanuts---pounds	----	670	627	810
Rice---bushels	25.7	36	41	39
Potatoes, white---do	332	394	356	411
Sweet potatoes---do	59	81	84	87
Tobacco---pounds	954	1,342	1,321	1,138
Hay, all---tons	64	91	86	102
Apples, total---bushels	145	199	246	128
Apples, commercial---barrels	----	34	39	25
Peaches---bushels	----	54	70	45
Sugar beets---tons	----	6.8	7.2	6.8
Cotton---bales	14	13.5	18	13.5

The composite condition of crops in the United States on August 1 was 99. This indicates that crops were 1 per cent below their 10-year average condition on that date. This composite condition is 2.5 above the corresponding composite on July 1, and 5.6 lower than the composite of yields per acre last year.

This year's total acreage in 19 cultivated crops is about 1 per cent less than that harvested last year.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909–July, 1914	July, average, 1910–1914	July, 1926	June, 1927	July, 1927
Cotton, per lb.....cents..	12.4	12.7	15.4	14.8	15.5
Corn, per bu.....do....	64.2	70.1	71.5	88.9	92.4
Wheat, per bu.....do....	88.4	86.2	127.7	130.1	127.4
Hay, per ton.....dollars..	11.87	11.78	12.96	13.10	11.71
Potatoes, per bu.....cents..	69.7	81.5	174.6	191.0	183.1
Oats, per bu.....do....	39.9	40.9	37.7	48.0	46.3
Beef cattle, per 100 lbs.dollars..	5.23	5.33	6.46	7.08	7.13
Hogs, per 100 lbs.....do....	7.23	7.25	12.69	8.40	8.58
Eggs, per doz.....cents..	21.5	16.9	25.7	17.8	20.7
Butter, per lb.....do....	25.5	23.3	39.1	40.4	40.3
Butterfat, per lb.....do....	.....	.....	38.6	40.8	40.3
Wool, per lb.....do....	17.7	17.5	31.9	30.2	30.7
Veal calves, per 100 lbs.dollars..	6.75	6.74	9.47	9.46	9.82
Lambs, per 100 lbs.....do....	5.91	6.09	11.52	11.95	11.44
Horses, each.....do....	142.00	142.00	82.00	80.00	80.00

Corn followed the upward movement which has been continuous since March, while all other grains turned downward from June to July 15. The farm price of cotton continued upward with cotton seed tending to hold up just slightly better than last month. The heavy production of hay this season has resulted in a falling off in hay prices of about 11 per cent since June 15. Hog prices which have been declining since February gained about 2 per cent over a month ago. Beef cattle and veal calves prices were higher, with lambs and sheep down slightly. The prices of eggs improved somewhat.

Corn prices continued to rise during July, gaining 4 per cent. This is the only grain crop that has advanced in price since June 15. The increase came as the result of a combination of influences, chief of which was the low condition of corn on July 1 caused by a very backward season and late plantings. The July 1 condition pointed to the smallest crop in the Corn Belt in nearly 15 years.

The decline in wheat prices, as well as in most of the small grains was probably due in part to the effect of the new crop. Wheat prices showed more of a decline in those States where harvesting was the most advanced.

The advance in the farm price of hogs of 2 per cent from June 15 to July 15 came primarily as the result of decreased marketings during the early part of July. The exceptionally heavy movement which obtained in May continued into June. June receipts were 9 per cent above June, 1926. During the first part of July, receipts fell below a year ago. With the peak of liquidation apparently past some seasonal advance was expected. The present unfavorable corn-hog ratio of 9.3 is not conducive to any marked increase in hog production.

PRICE INDEXES FOR JULY, 1927

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909–July, 1914=100]

	July, 1926	June, 1927	July, 1927	Month's trend
Cotton	124	119	125	Higher.
Corn	111	138	144	Do.
Wheat	144	147	144	Lower.
Hay	109	110	99	Do.
Potatoes	251	274	263	Do.
Beef cattle	124	136	137	Higher.
Hogs	175	116	119	Do.
Eggs	120	83	96	Do.
Butter	153	158	189	Unchanged.
Wool	179	170	172	Higher.

COMMODITY GROUPS

[Wholesale prices: 1910–1914=100][1].

	July, 1926	June, 1927	July, 1927	Month's trend
Farm products	141	138	140	Higher.
Food, etc	153	145	144	Lower.
Cloths and clothing	177	173	174	Higher.
Fuel and lighting	205	184	184	Unchanged.
Metal and metal products	135	128	127	Lower.
Building materials	177	169	167	Do.
Chemicals, etc	129	120	120	Unchanged.
House-furnishing goods	167	163	163	Do.
All commodities	153	146	147	Higher.

[1] Bureau of Labor Statistics index numbers converted to 1910–1914 base.

RELATIVE PURCHASING POWER

[At July, 1927, farm prices; August, 1909–July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Potatoes
All commodities	85	98	98	67	178
Cloths, etc	72	83	83	57	151
Fuel, etc	68	78	78	54	143
Metals, etc	98	113	113	77	206
Building materials	75	86	86	59	157
House-furnishing goods	77	88	89	61	161

	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities	93	81	65	107	117
Cloths, etc	79	68	55	91	99
Fuel, etc	75	64	52	86	94
Metals, etc	108	93	76	124	135
Building materials	82	71	58	94	103
House-furnishing goods	84	73	59	97	106

Cotton and corn improved their unit exchange position during July. Such improvement in the principal cash and feed crops strengthens the price position of large numbers of producers.

Wheat, however, declined 3 points in unit purchasing power, hay 8 points, and potatoes 9 points.

Of the livestock products listed above, the beef cattle index remained unchanged during the month. Hogs advanced 2 points, eggs 8 points, and wool 1 point. Butter declined 1 point.

An advance in relative prices of hogs and eggs during July is normal at this season of the year. However, so long as the advance in corn prices continues to outstrip the advance in livestock and egg prices the situation is of doubtful advantage to farmers as a whole.

Eggs remain relatively the lowest priced product in the above group and their disadvantageous position is being reflected in the sentiment of poultrymen all over the country. The low purchasing power of hay is a result both of heavy supply and lessened demand.

The general index of purchasing power of farm products in terms of nonagricultural commodities advanced 1 point during July to 87. This compares with 86 in the previous month and 85 a year ago.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	July, 1926	June, 1927	July, 1927	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons)	104	103	95	Decrease.
Bituminous coal (million tons)	43	37	34	Do.
Steel ingots (thousand long tons).	3, 635	3, 468	3, 178	Do.
CONSUMPTION				
Cotton, by mills (thousand bales).	462	663	569	Do.
Unfilled orders, Steel Corporation (thousand tons).	3, 603	3, 053	3, 142	Increase.
Building contracts in 27 Northeastern States (million dollars).	443	561	470	Decrease.
Hogs slaughtered (thousands)	1, 873	2, 522	1, 939	Do.
Cattle slaughtered (thousands)	1, 168	1, 112	976	Do.
Sheep slaughtered (thousands)	912	963	915	Do.
MOVEMENTS				
Bank clearings (New York) (billion dollars).	24	28	25	Do.
Car loadings (thousands)	5, 214	3, 974	4, 935	Increase.
Mail-order sales (million dollars).	32	36	33	Decrease.
Employees, New York State factories (thousands).	485	479	471	Do.
Average price 25 industrial stocks (dollars).	163	211	222	Increase.
Interest rate (4–6 months' paper (New York) (per cent).	3. 95	4. 13	4. 30	Do.
Retail food price index (Department of Labor).[1]	157	158	153	Lower.
Wholesale price index (Department of Labor).[1]	151	144	145	Higher.

[1] 1913=100.

Well-posted observers do not see business conditions changing very markedly but such trend as they do note appears to be toward some recession. Employment has dropped off slightly, enough so that there are now a few workers looking for jobs. Retail distribution is not quite so active as it was. The stock market has shown some nervousness recently, despite continued easy money. The volume of building is still large, but rents are slowly falling.

Farmers will hardly see anything as yet in the business situation, however, which will alter their production plans materially.

GENERAL TREND OF WAGES AND PRICES

[1910–1914=100]

Year and month	General wage level [1]	Farm wages [2]	Retail price of food [3]	Wholesale price of food [3]	Wholesale price, all commodities [4]
1910	--------	97	96	100	103
1911	--------	97	95	96	95
1912	--------	101	101	103	101
1913	--------	104	103	99	102
1914	[5] 100	101	106	101	100
1915	101	102	104	104	103
1916	114	112	117	120	129
1917	129	140	151	166	180
1918	160	176	174	187	198
1919	185	206	192	205	210
1920	222	239	210	218	230
1921	203	150	158	143	150
1922	197	146	146	137	152
1923	214	166	151	143	156
1924	218	166	150	143	152
1925	223	168	162	156	162
1926	228	171	166	152	154
July—					
1921	199	--------	153	140	144
1922	195	--------	146	141	158
1923	217	169	152	140	153
1924	213	168	148	138	150
1925	220	170	165	156	163
1926					
July	227	174	162	153	153
August	227	--------	161	150	152
September	231	--------	163	151	153
October	231	176	165	151	152
November	230	--------	167	150	151
December	232	--------	167	150	150
1927					
January	232	162	164	149	150
February	231	--------	161	147	149
March	234	--------	159	146	148
April	230	166	158	146	147
May	230	--------	160	147	147
June	230	--------	163	145	146
July	228	172	158	144	147

[1] Average weekly earnings, New York State factories.
[2] Index based on both monthly and daily wages.
[3] Bureau of Labor Statistics index numbers converted to 1910–1914 base.
[4] Bureau of Labor Statistics.
[5] June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities [1]	Relative purchasing power of farmer's product [2]
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cottonseed	All groups, 30 items		
1910	104	91	103	100	104	113	103	102	101
1911	96	106	87	97	91	101	95	96	99
1912	106	110	95	103	101	87	99	100	99
1913	92	92	108	100	101	97	100	105	95
1914	103	100	112	100	105	85	102	97	105
1915	120	83	104	98	103	78	100	101	99
1916	126	123	120	102	116	119	117	138	85
1917	217	202	173	125	157	187	176	182	97
1918	226	162	202	152	185	245	200	188	107
1919	231	189	206	173	206	247	209	199	105
1920	231	249	173	188	222	248	205	241	85
1921	112	148	108	148	161	101	116	167	69
1922	105	152	113	134	139	156	124	168	74
1923	114	136	106	148	145	216	135	171	79
1924	129	124	109	134	147	211	134	162	83
1925	156	160	139	137	161	177	147	165	89
1926	129	189	146	136	156	122	136	161	85
July—									
1920	266	314	181	181	191	297	224	251	90
1921	109	156	109	133	128	79	111	159	70
1922	105	174	120	127	111	166	126	177	71
1923	112	165	105	139	116	199	130	169	77
1924	130	142	103	123	121	215	132	158	83
1925	152	178	148	131	141	186	149	164	91
1926	125	195	152	129	137	126	136	159	85
1927									
March	121	140	144	139	115	102	126	153	82
April	119	147	143	140	114	101	125	151	83
May	127	158	137	136	112	113	126	150	84
June	140	201	129	132	102	119	130	150	86
July	139	195	131	130	112	125	130	151	87

[1] Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910–1914=100.

[2] The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

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THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
	1,000 bushels	*1,000 bushels*	*1,000*	*1,000*	*1,000*	*1,000 pounds*
Total—						
1920	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926	362, 876	234, 873	39, 772	23, 872	23, 868	572, 935
July—						
1920	27, 728	19, 735	2, 811	1, 671	2, 034	58, 871
1921	59, 700	17, 949	2, 727	1, 343	1, 776	50, 865
1922	41, 019	22, 475	2, 980	1, 710	1, 677	64, 938
1923	36, 435	18, 515	4, 181	1, 903	1, 661	63, 694
1924	39, 911	18, 453	4, 091	1, 798	1, 672	77, 706
1925	37, 919	9, 662	2, 798	1, 970	1, 699	69, 970
1926						
July	68, 200	13, 353	2, 854	1, 821	1, 739	68, 393
August	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
September	46, 266	13, 740	2, 819	2, 397	3, 279	44, 761
October	35, 124	28, 613	3, 261	2, 674	3, 090	38, 166
November	28, 229	22, 587	3, 554	2, 460	1, 917	34, 180
December	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054
1927						
January	19, 379	23, 658	4, 252	1, 832	1, 740	37, 705
February	19, 462	24, 499	3, 308	1, 555	1, 496	38, 375
March	17, 504	18, 535	3, 754	1, 743	1, 558	45, 210
April	13, 680	10, 445	3, 142	1, 674	1, 486	48, 279
May	17, 760	12, 908	3, 582	1, 955	2, 044	63, 710
June	18, 346	26, 361	3, 752	1, 732	1, 838	75, 756
July	52, 996	14, 724	3, 046	1, 547	1, 676	67, 282

Wheat moved to market in heavy volume during July, partly the result of using combines to harvest. Cattle movement was light. Other products about normal.

THE TREND OF EXPORT MOVEMENT

[Compiled from the Department of Commerce reports by division of statistical research of this bureau]

Year and month	Wheat,[1] including flour	Tobacco (leaf)	Bacon,[2] hams, and shoulders	Lard	Total[3] meats	Cotton,[4] running bales
Total—	*1,000 bushels*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 bales*
1920	311,601	467,662	821,922	612,250	1,043,500	6,111
1921	359,021	515,353	647,680	868,942	786,280	6,385
1922	235,307	430,908	631,452	766,950	733,832	6,015
1923	175,190	474,500	828,890	1,035,382	958,472	5,224
1924	241,454	546,555	637,980	944,095	729,832	6,653
1925	138,784	468,471	467,459	688,829	547,361	8,362
1926	193,861	478,769	351,591	698,971	428,613	8,916
July—						
1920	35,136	42,067	39,908	47,061	57,971	208
1921	30,661	53,156	75,958	83,329	90,838	595
1922	19,308	32,319	59,252	66,058	67,886	364
1923	12,999	44,105	64,264	69,478	74,127	168
1924	7,758	32,521	53,769	86,788	60,275	203
1925	8,944	39,037	35,472	49,414	40,990	198
1926						
July	19,811	29,760	22,457	45,873	28,221	356
August	35,774	26,263	29,090	54,273	34,762	385
September	31,031	38,319	26,927	61,577	33,843	789
October	24,098	53,129	23,873	46,988	30,384	1,359
November	20,545	49,136	22,384	43,488	30,177	1,475
December	15,301	50,375	23,503	62,690	28,746	1,504
1927						
January	12,821	66,337	20,597	59,842	25,748	1,074
February	8,997	46,840	19,476	49,884	24,313	979
March	9,183	41,669	18,108	53,040	23,754	1,084
April	16,039	35,041	17,844	67,345	23,930	825
May	14,123	40,376	21,634	64,418	27,035	612
June	11,515	33,053	25,293	66,404	30,924	468
July	12,100	28,229	24,040	46,972	30,043	372

[1] Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

[2] Includes Cumberland and Wiltshire sides.

[3] Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

[4] Excludes linters.

TREND OF DAIRY PRODUCTION

[Million pounds, 000,000 omitted]

PRODUCTION

	July			January to July, inclusive		
	1927	1926	Per cent change	1927	1926	Per cent change
Creamery butter	164	159	+2.7	931	919	+1.3
Farm butter	70	72	−2.2	368	379	+2.7
Total butter	234	231	+1.1	1,299	1,298	+0.1
Cheese	50	49	+1.5	254	275	−7.6
Condensed and evaporated milk	219	187	+16.9	1,314	1,177	+11.6
Total milk equivalent	5,966	5,827	+2.4	33,117	32,959	+0.5

APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter	179	187	+4.3	1,193	1,220	−2.2
Cheese	36	33	+8.2	282	297	−4.9
Condensed and evaporated	164	165	+0.5	1,074	1,021	+5.1
Total milk equivalent	4,526	4,668	−3.0	30,561	31,152	−1.9

T. R. PIRTLE,
Division of Dairy and Poultry Products, B. A. E.

COLD STORAGE SITUATION

[August 1 holdings (shows nearest million; i. e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	Aug. 1, 1927
Creamery butter—pounds	116	131	90	145
American cheese—do	62	74	50	67
Case eggs—cases	10	10	11	11
Total poultry—pounds	39	36	50	42
Total beef—do	48	46	44	36
Total pork—do	734	643	844	841
Lard—do	147	154	147	179
Lamb and mutton—do	2	2	1.4	1.2
Total meats—do	848	748	953	944

THE DAIRY SITUATION

There have been a number of interesting and important developments in the dairy market during August. Of first importance, perhaps, was the increase of storage holdings of butter to a higher level than ever before, and at the same time a rather steady rising trend in butter prices. Continued heavy production of condensed and evaporated milk, further piling up of manufacturers' stocks, and firm cheese markets under not entirely favorable producing conditions, were other features of the situation.

Stocks of butter in storage on August 1 amounted to 145,146,000 pounds, a surplus of 14,000,000 pounds over the previous August 1 and by some 11,000,000 pounds the highest holdings on record for that date. When it is remembered that the surplus this year over last was only 3,000,000 pounds on July 1, it is seen by what margin July into storage market exceeded that of July, 1926. Since August 1 all available information indicates that storage movement continued to exceed last year, causing further increases in the relative surplus, and it appears rather definite now at the close of August that holdings the country over exceed even the high market of 1924.

In 1924, it will be recalled, conditions were particularly favorable for late summer production. July was the peak month rather than June and heavy production continued much later than ususal. The storage holdings accumulated were directly due to these production conditions. This year, however, production has followed a normal trend and the output, while still slightly above 1926, has shown the usual seasonal decline since early in July. Under these conditions there are only two explanations for the piling up of stocks—either consumption has been inadequate or the members of the butter trade feel that crop and feed prospects indicate a decreased production this fall and winter and that a large reserve is necessary, and hence profitable. It is apparent, however, that the latter belief is the ruling one, else prices would seek lower levels for additional consumption.

The reaction of butter prices to the storage activity has not been marked, although it appears that July and August prices show a curve more flat than usual. July prices were a cent lower than June and it appears now at the close of August that that average for this month will be close to that of July. Yet there has been a rather steadily rising trend since August 1, prices gaining about 2½ cents by August 25, holding the level above that of August, 1926.

Condensed and evaporated milk stocks continue to accumulate, the August 1 total showing a large increase from July, while there is normally a decrease from July to August. July production was 16 per cent greater than in 1926, and the increase from the first of the year to date is more than 10 per cent. Yet markets are reported as steady and there is little fear of burdensome stocks.

Cheese markets have been firm throughout. Recently production has held slightly higher than in 1926, although late in August dry weather in Wisconsin caused a less favorable immediate production outlook. Since the opening of the year, however, total production has been somewhat below a year ago.

C. E. Eckles,
Division of Dairy and Poultry Products, B. A. E.

THE EGG AND POULTRY SITUATION

Firmness continues to feature the egg markets. In this respect the August situation has not been unlike that of July. There were few new developments during the month, and the factors which caused the firmness, decreasing receipts, increasing out-of-storage movement, and good demand, were largely a continuation of those evident in July.

Receipts in August have shown some material decreases, and it appears that the total for the month will be nearly 10 per cent below that of August, 1926. Due to heavy receipts early in the year, the total since January 1 to date still exceeds 1926 by about 7 per cent. The drop in arrivals in August confirms the trade reports of a rapidly falling production in the Middle West. Shortage of supplies at some markets has turned some buyers to the use of storage goods, which tends to restrict the market on fresh eggs by reducing the demand, and at the same time to give the storage situation a firmer tone.

Storage holdings of shell eggs on August 1 amounted to 10,737,000 cases, less than 200,000 cases above the July 1 holdings. A year earlier during the same period holdings increased more than 700,000 cases. As a result the surplus on August 1, compared with 1926, was reduced from 1,432,000 cases on July 1 to 892,000 cases on August 1. Here lies much of the strength of the current situation. Furthermore, information which has become available since August 1 indicates that further reduction of this relative surplus has occurred. The frozen-egg deal has also improved. While stocks on July 1 were 35,000,000 pounds heavier than a year previous, August 1 stocks were about 30,000,000 pounds above August, 1926, due to decreased storing activities during July. The improvement in the storage situation is, of course, closely tied up with the declining receipts, although lower prices than a year ago, as an aid to consumption, have had their part.

Prices during August have maintained a steady advance, with the level at the close about 4 to 7 cents above the opening. It is noted that as usual the higher advances have occurred on the better quality goods, supplies of which diminish considerably at this season, even relative to the quantities coming to the market. Even greater advances have been effected on Pacific coast white eggs, and slightly more than the usual margin between these and "western eggs" now prevails. Late reports from market centers indicate that prices have advanced to a point where medium and under grades of fresh eggs are receiving considerable competition from storage stocks.

Dressed poultry markets are not active just now. The old stock is being cleaned up and it is still a little early for the new crop to begin to move in quantity. On account of the heavy storage stocks all season, prices have been low and consumption has been thought to have increased. Reductions in storage holdings have been very heavy, and the surplus over 1926 has been practically wiped out. General sentiment now is fairly steady at prices well below the opening storing level of a year ago. Live poultry markets have had good supplies, but favorable weather has aided demand and prices have advanced slightly. Broilers are now decreasing in volume, and chickens now comprise a larger share of the receipts.

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THE COTTON SITUATION

It is a common saying in this country that no two cotton seasons are alike and the season of 1926–27, which closed on July 31 last, was no exception. It was particularly notable for the new high records which were set for acreage, production, consumption, and exports. The 1926 acreage finally harvested was reported at 47,087,000 and although the crop got away to a start which was only fair, conditions in the latter half of the growing season turned out exceptionally favorable to the plant and unfavorable to the weevil with the result that final ginnings turned out to be 17,755,070 running bales. (17,977,374 equivalent 500-pound bales.)

The consumption by American mills for the season was 7,202,724 bales, and the exports 10,926,614 bales, leaving a carry-over at the end of the season of 3,762,029 bales, which figure was but little in excess of that on July 31, 1926, of 3,543,183 bales.

The world's production of cotton of all kinds for the season 1926–27 was reported at 28,200,000 bales, of which the contribution from the United States was 63 per cent. Although final figures of world's consumption of American cotton for the 12 months ended July 31, are not yet available, indications are that the previous record of about 15,000,000 bales attained in the season 1915–16, were exceeded by a good margin.

One result of the record-breaking exports was that stocks of American cotton in European countries at the end of the season were large, amounting to about 1,653,000 bales, compared with 736,000 bales in 1926, and with a five-year average of 535,000 bales.

The average price for middling spot cotton in 10 designated markets for the season 1926–27 was 14.4 cents per pound, compared with 19.68 cents for the previous season and with a five-year average (1921–22 to 1926–27) of 23.59 cents. The high price of the season, 18.33 cents, was reached on August 3, and the low, 11.4 cents on December 3. It is interesting to note that in 1827, 100 years ago, the American cotton crop was 957,281 bales, much lighter in weight than those now packed, with an average price for the season for middling upland cotton at New York of 9.25 cents.

The 1927–28 season has been ushered in with a preliminary estimate of area in cultivation of 42,683,000 acres, compared with 48,730,000 acres planted for the 1926 crop. The 1927 production as indicated by a condition on July 31, of 69.5 per cent of a normal, upon the acreage in cultivation on July 1, has been estimated by the department at 13,492,000 bales. This comparatively small figure caused prices to advance materially. On August 1, 1927, the average price of middling spot cotton in 10 designated markets stood at 17.58 cents per pound touched a low of 16.35 cents on August 3, and on August 20, stood at 20.14 cents.

The 1927 supply of cotton in the United States will include the carry-over of 3,762,029 bales on July 31, which is the largest on record excluding that of 1915, when it amounted to 3,936,104 bales, that of 1919 amounting to 4,286,785 bales, and that of 6,590,359 bales in 1921. The five-year carry-over average in the United States including the seasons 1921–22 to 1925–26, was 2,373,141 bales.

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THE OUTLOOK FOR WINTER WHEAT IN 1927–28

The probabilities are that American wheat will remain on a world-market basis in 1928. With normal conditions for seeding and average or better than average yields in important producing countries, the world-market situation next year may not be as favorable for marketing our export surplus as it is now. The carry-over of old wheat into next season may be no larger than this season's carry-over, but there is a tendency to continue to expand wheat area not only in the United States, but also in Canada, Argentina, and Australia.

If American farmers carry out their intentions to increase winter wheat area 13.7 per cent, as indicated by reports received as of August 1, a total acreage of winter wheat of about 48,600,000 acres would be sown this fall. This would be greater than the acreage of winter wheat sown in any season except 1918. With a 10-year average abandonment of 12.4 per cent, there would remain for harvest approximately 42,000,000 acres and with a yield equal to the average of the past 10 years (14.9 bushels) a winter wheat crop of around 626,000,000 bushels would be produced. This would be about 13 per cent more than was harvested in 1927, the preliminary estimate of which is 553,000,000 bushels.

Various factors account for the present tendency of farmers to sow an increased acreage of winter wheat. For several years returns from winter wheat have been relatively high as compared with those from competing crops. They have been particularly favorable in comparison with oats, for which demand has been decreasing year by year as a result of the steady decline in the number of horses.

With a gradually increasing world wheat acreage, world wheat supplies will probably be greater next year, unless yields fall below average. The world crop now being harvested will probably be little, if any, larger than that of last year. Although last year's crop increased the carry-over of old wheat, the carry-over into next season (1928–29) may be no greater than the carry-over from last year. The reasons for expecting no increase in carry-over are that there seems to be a tendency to increase wheat consumption in Europe, and although the world crop may be no larger the European crop seems likely to be somewhat larger than last year and the increase in home production will probably encourage greater consumption in Europe.

(From report of this bureau, August 23, 1927.)

THE APPLE MARKET OUTLOOK

Apple market prospects continue bright. The crop apparently will be short, but this may mean greater total returns than in a season of heavy production, such as last year. The disadvantage, of course, is that the farmer who has no fruit gets no money for this crop. Last year's record-breaking commercial apple crop had an estimated farm value of only $85,000,000, compared with $122,000,000 the season before, when commercial production was about one-sixth lighter. The average farm value of apples during the past five years has been around $102,000,000. The size of the total crop also affects the value of the market crop.

The August estimate reduced production prospects still further but not so much in the West as in the East. Another million barrels

was clipped off the eastern commercial crop. The total estimated crop of 128,000,000 bushels now appears to be hardly more than half that of 1926 and 36 per cent below the five-year average. The probable commercial crop of 25,000,000 barrels is 37 per cent less than last season and fully one-fourth below average. Western and eastern production of market apples is almost equally divided, thus indicating a general shortage throughout the East.

CAR-LOT MOVEMENT LIGHT

By August 20, only 2,900 cars of early apples had been shipped, compared with 5,800 cars in each of the previous two seasons. During June and July, weekly movement was far below the high records established in 1926 and 1925, but by August there was a tendency to make up for lost time. Output for the third week of August was only 75 cars lighter than shipments of the same week last season but 530 cars less than the corresponding record two years ago. As supplies increase, price tendencies are lower. Approximately 134,000 cars of apples were shipped last season.

PRICES HIGHER

Growers doubtless have fared better than last summer, judging from the higher prices paid by city jobbers. Bushel baskets of standard early varieties had been averaging close to $2 in New York City, with preferable kinds ranging around $3 in Chicago. During the summer of 1926, the New York price level was about $1, while Chicago dealers averaged around $1.50 per basket. Eastern jobbing prices, by the end of August, 1927, were tending sharply toward the $1 level, and the Chicago market toward $2 per bushel. It must be remembered, however, that main-crop movement had scarcely begun and quotations on summer apples are not always in line with fall prices.

GOOD MARKET OUTLOOK FOR MAIN CROP

Growers and shippers of the standard fall and winter varieties express considerable encouragement over the market prospects. Southern cities, which seem to prefer the bushel package, should be a good outlet for fruit packed in that manner. Future sales have been ranging above the prices of a year ago and in the Northwest the average advance over early 1926 has been around 75 cents per box. According to trade news, extra fancy boxed apples were being booked at $2 to $3, depending largely on variety. Idaho apples, combination grades, and the sizes from 2¼ inches up, were quoted generally at $1.60 to $2.15 per bushel basket.

In most quarters it is believed that export shipments will be somewhat below last season's high record. British and European markets, however, should furnish a good outlet for any available surplus. The Canadian apple crop is estimated considerably heavier than last year's production, and overseas fruit crops are expected to exceed the light record of 1926 but may still be below normal.

Economic conditions in Great Britain are much improved over last season. Increased purchasing power in continental Europe,

particularly in Germany, makes that potential market an attractive one, though greater competition will be met this season by American apples. Trade reports indicate that Germany is in the market for such by-products as apple waste, as well as for the fresh fruit.

Exports directly to Germany more than doubled in 1926 and were equivalent to nearly 400,000 barrels, compared with 1,500 barrels in 1921. Germany's total imports of United States apples (both direct and indirect shipments) during the 1926–27 season, ended in June, were nearly 3,000,000 bushels, compared with 815,000 bushels during the 1925–26 season. Total exports of apples from the United States to all countries during the year 1926 reached the high equivalent of 5,400,000 barrels.

COMPETITION FOR LOWER GRADES

An interesting side light on the situation is furnished in a recent inquiry from an important user of cull apples as to where he could purchase the desired quantity of culls this year. Last season, there was an abundance of fruit of all classes and grades but in 1927 even culls may be in demand. More active competition for this kind of apples, during a period of general shortage, may reduce the quantity dried or manufactured by other processes. This does not mean, however, that there should be any laxity in grading or packing fruit this season. A lot of poor apples sent to market for consumption fresh may ruin price prospects in spite of a light crop and increased demand.

Reports from the larger manufacturers of cider and vinegar show that 65 important mills used 143,250 tons of apples from the 1926 crop, which is equal to 5,730,000 bushels, or 2⅓ per cent of the total crop. The mills reporting made nearly 500,000 barrels of cider or vinegar stock.

LATE SALES OF 1926 APPLES

Successful storage of some of the long-keeping varieties of American apples has greatly prolonged the season in recent years. An unusual report came from the Glasgow, Scotland, market the last week of July, indicating that some Virginia Albermarle Pippins, harvested the previous autumn and kept in cold storage, were sold about July 30 at $3.50 to $4.75 per bushel basket. This is equivalent to about $10 to $14 per barrel, compared with a February price on the Liverpool auction of $7.30 to $8.

OTHER FRUITS AND VEGETABLES

Possibly as a result of sharply increasing the potato crop estimate to 411,000,000 bushels, markets for this product have been somewhat unsettled, with successive advances and declines of price. Early sales of western grapes have been made at very satisfactory levels. Peach prices were tending downward, as supplies of mid-season and late fruit increased. Onion markets were maintained rather firmly, in spite of reports of a heavy crop. Cantaloupes were selling at good prices until the large crop from Colorado arrived in volume. In general, fruit and vegetable markets continued rather encouraging.

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THE AGRICULTURAL SITUATION REFLECTED IN FARM BANKRUPTCIES

Business failures are accepted evidences of the industrial and commercial conditions of the nation. In the past, business failures have been relatively few in years of general prosperity and relatively numerous in years of depression. Similarly, one of the indications of the financial condition of agriculture is the number of bankruptcies among farmers. A few of the outstanding facts are presented herewith concerning the recent changes in farm bankruptcies in relation to the present agricultural situation.

The number of farmers who normally resort to bankruptcy courts is small and even in times of financial stress more farmers lose their farms or property without foreclosure or bankruptcy, and a much larger number are able to retain their property through the leniency of creditors. These facts are borne out by a survey based on 69,000 owner farmers and 26,000 tenant farmers in 15 States of the Middle West for the period January, 1920, to March, 1923, the results of which are shown as follows: [1]

PERCENTAGE OF FARMERS WHO LOST FARMS OR PROPERTY

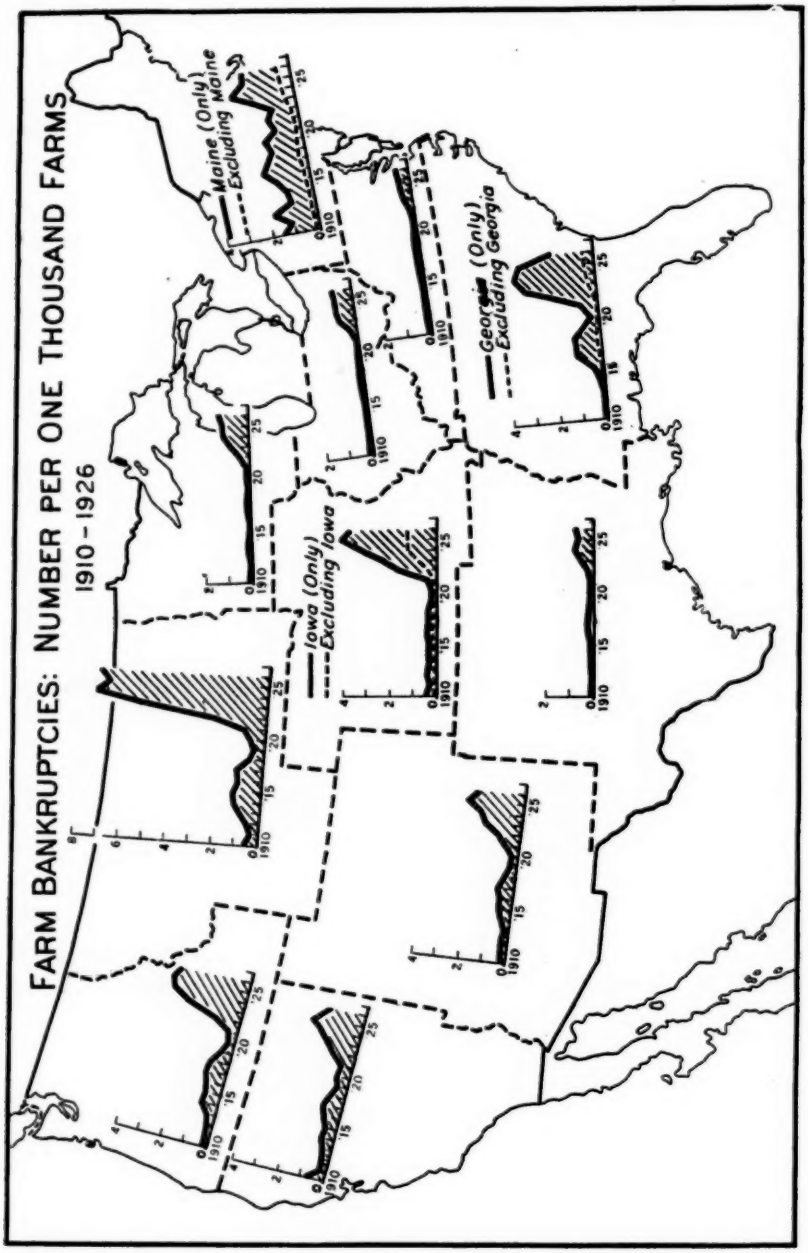
	Owners	Tenants	Owner and tenant
Lost farms through foreclosure or bankruptcy	3. 83	6. 78	4. 74
Lost farms without foreclosure or bankruptcy	4. 28	7. 75	5. 34
Total	8. 11	14. 53	10. 08
Retained farms through leniency of creditors	14. 40	20. 54	16. 28

Even though relatively few farmers resort to bankruptcy proceedings, the great increase in their number in recent years is significant as one indication of the accumulated effect of the financial condition of agriculture since 1920.

Before the war, during the 10-year period 1904–1913, the average number of farm bankruptcies for each 1,000 farms in the United States was only 0.14. During the three years ending June, 1926, there were an average of 1.22 per 1,000 farms. Compared with business failures where normally there are about 10 failures per 1,000 firms in business, farm bankruptcies are small in number, but their increase in recent years has been very great, nearly tenfold.

Farm bankruptcies began increasing early in the war period. In 1917 the number had increased to 0.30 per 1,000 farms, or more than double the number before the war. By 1919–20 they declined nearly to the pre-war average but increased very markedly to an average of 1.22 per 1,000 farms in the three years ending in 1926.

[1] See "The Wheat Situation," 1923 Yearbook of the Department of Agriculture, pp. 121 and 659.


FARM BANKRUPTCIES: NUMBER PER ONE THOUSAND FARMS
1910-1926
Maine (Only)
Excluding Maine
Iowa (Only)
Excluding Iowa
Georgia (Only)
Excluding Georgia
1910

FARM BANKRUPTCIES PER 1,000 FARMS, IN THE UNITED STATES, 1905-1926

Year ending June—	Number of bankruptcies per 1,000 farms	Year ending June—	Number of bankruptcies per 1,000 farms
1905	0.13	1916	0.26
1906	.13	1917	.30
1907	.17	1918	.26
1908	.13	1919	.19
1909	.13	1920	.15
1910	.13	1921	.21
1911	.11	1922	.50
1912	.13	1923	.93
1913	.15	1924	1.22
1914	.16	1925	1.23
1915	.20	1926	1.22

When compared with other indications of farm conditions, such as prices of farm products, it appears that there is a time-lag between changes in agricultural conditions and their reflection in the rate of farm bankruptcies. That is, profitable years for agriculture are not simultaneously accompanied, but are rather followed, by fewer farm failures and unprofitable years are followed by increased failures.

Thus the low failures of 1919–20, a year when farm prices had already tumbled considerably, undoubtedly reflected the profitable years of 1917–18 and 1918–19, while the increase in bankruptcies in 1922–23 and 1923–24 reflected the unusually difficult farm situation of 1920–21 and 1921–22, when farm prices were at the lowest.

Similarly, the high rate of farm bankruptcies during the past three or four years does not signify that agriculture as a whole has not made considerable recovery from the unusually depressed condition of 1921–22, but that some of the effects of those years are only now becoming evident and that the improved earnings of the past three or four years have not been adequate to stave off permanently bankruptcy proceedings which had been held in abeyance by the sympathy of creditors and the hopefulness of farmer debtors.

One explanation of this time-lag is that farmers tend to burden themselves in prosperous times by additional property purchased outright or mortgaged, and low prices which are not adequate to cover the capital charges and interest payments previously incurred are generally expected to be only temporary. Consequently, both creditor and debtor are inclined to wait for the possibility of better times. Another factor is that some time is required to conclude bankruptcy proceedings.

A decrease in the recent high rates of farm bankruptcies may be expected to take place if farm income continues to improve during the next few years as it has in the past five, but the higher ratio of farm debts to property values may tend to maintain for some time a farm bankruptcy rate higher than in the pre-war years. A large part of the farm debt incurred during the high price years before the depression has not yet been liquidated and continues to be a heavier burden on income than formerly.

Studied geographically (see accompanying map), the recent changes in farm bankruptcies reveal the following facts:

(1) The rise in farm bankruptcies in recent years has been general for all sections of the United States.

(2) Northwestern States, including the Dakotas, have shown the most marked increases. While no region or group of States has escaped an increase in farm bankruptcies, the increase has not been very great in the States east of the Mississippi, excepting Georgia, nor in the Cotton Belt west of the Mississippi. Described in another way, the middle general farming States, the dairy States, except Maine, the cotton States, excepting Georgia, and the Corn Belt, excepting Iowa, have not been affected nearly as much by the depression as have the States farther west.

(3) If a small number of bankruptcies per thousand farms may be taken as indicative of agricultural stability, the region that shows the greatest degree of stability lies east of the Mississippi, north of the Cotton Belt. Maine, with its dependence largely on cash income from the highly variable potato crop, is an exception.

(4) The areas where the larger number of farm bankruptcies have occurred in recent years are also the areas where most of the recent bank failures have taken place. During the 20-year period from 1900 to 1919, inclusive, of a total of 927 State and national banks failing, 322, or 35 per cent, were in the agricultural States of Montana, North and South Dakota, Minnesota, Nebraska, Iowa, Missouri, Oklahoma, Texas, and Georgia. In the six years, 1920 to August, 1925, inclusive, of a total of 2,494 State and national bank failures, 1,671 or 67 per cent were in these 10 agricultural States.[1]

(5) A cursory review of the trend in land values indicates that the area of relatively numerous farm bankruptcies are not necessarily the areas where land values rose abnormally during 1919 and 1920. In Georgia, for instance, land values in 1920 reached 218 per cent of their pre-war average, compared with 169 per cent for the country as a whole, but the number of farm bankruptcies have not been more numerous than in the extreme Northwest (Oregon, Washington, and Idaho) where land values reached only 143 per cent. In 1926, however, land values in these States and in Georgia were only 112 per cent of their pre-war average, compared with 124 for the country as a whole.

The relatively large number of farm bankruptcies in Iowa, again, may be considered in relation to the abnormal rise in land values which by 1920 reached 213 per cent of the pre-war average, but in the four States, North and South Dakota, Montana, and Wyoming, where farm bankruptcies have been most numerous, land values reached only 158 per cent. Since then, however, land values in these States have fallen below the pre-war averages, while in Iowa they have also fallen but are still 130 per cent of their pre-war level.

These comparisons suggest that the financial difficulties among farmers, which have shown themselves in farm bankruptcies, are to be associated both with abnormally high land values before the depression and with abnormally low values since then. In the first case, the road to the bankruptcy courts has probably led through high capital values, abnormal capital charges (interest, taxes, rent), and

[1] See Report of United States Senate Committee on Banking and Currency, Hearings, 1926, pp. 91 and 92.

depressed incomes inadequate to meet the obligations assumed on the previous high income levels. In the second case, farm bankruptcies have probably arisen more directly from the disparity between the uncertain, highly variable, and generally depressed farm receipts on the one hand, and the relatively high and inflexible costs on the other.

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THE AUGUST, 1927, CATTLE OUTLOOK

CATTLE SUPPLY SITUATION

Although market receipts of cattle and calves have decreased somewhat recently as compared with a year ago, it seems probable that marketings are still in excess of production. Marketings of steers during the first six months of 1927 equaled the heavy marketings of the corresponding months of 1926. Marketings of calves were slightly less, whereas those of cows and heifers were curtailed about 7 per cent. The number of cows and heifers marketed from January to June, 1927, was, however, about equal to the number marketed during the corresponding period in 1925. In both 1925 and 1926 marketings were increased by drought conditions in important areas, and in the latter year a vigorously prosecuted tuberculosis eradication campaign in certain sections sent considerable numbers of cows to market. Slaughter during the last half of 1926 and the first half of 1927 indicates that the tendency to reduce numbers of cows and heifers on farms and ranges was slowed down, if not actually stopped, during this period.

The number of cattle on farms and ranges has decreased at a rate of approximately 2,000,000 per year during the past five years. As the numbers of cows and heifers kept for milk is now about equal to that of five years ago, it seems probable that this net reduction of 10,000,000 head of cattle for the five-year period has been confined very largely to cattle kept primarily for beef production, the numerical decrease in such cattle being divided about equally among steers, cows and heifers, and calves. Since 1920 steers have decreased 38 per cent, cows and heifers 20 per cent, and calves 22 per cent. These figures point to a change in the character of the herds, reducing steers and increasing the proportion of cows. Although the spring calf crop in 1927 was generally good it seems improbable that it was sufficiently large to replace the cattle and calves being marketed this year. The decrease in numbers of cattle since 1920 has been most marked in the Western States. In fact it is probable that the number west of the one-hundredth meridian is practically as small as in 1913. With good pasture conditions existing in practically all parts of the range region, and with some tendency toward restocking of range herds becoming apparent, smaller numbers of range cows and heifers may be expected to come to market this fall than a year ago.

PRICE OUTLOOK

The general cattle price outlook during the next year appears favorable. With fewer cattle fed because of smaller numbers available for feeding, and with generally smaller market supplies of slaughter cattle in prospect, the gradual upward trend in prices that has

characterized the market during the past three years will probably be fully maintained during the next year. The present level of slaughter steer prices and the generally satisfactory returns from feeding operations may increase the tendency toward short feeding and result in relatively large market supplies of warmed-up cattle during the late fall and winter. Such a condition would probably result in the lowest prices of the season for fed cattle occurring during next winter and spring. Prices lower than those that prevailed last winter, however, do not seem probable.

With prospective supplies of range cattle this fall smaller than in recent years, and present prices of most classes and grades of cattle higher than at any time since early in 1921, prices of grass cattle this fall are expected to be higher than last year and the usual seasonal decline will probably be less than normal.

(From report of this bureau, August 12, 1927.)

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